



Virginia Department of Social Services
Finance and Administration Guidelines Manual
For LDSS (Local Departments of Social Services)

May 16, 2002

TABLE OF CONTENTS

	<u>Revision Date</u>
• Revisions Summary	5/16/02
• About This Guideline	2/1/02
Manual Purpose	2/1/02
Manual Development Background	2/1/02
Maintenance and Updates	2/1/02
• Contacts	2/1/02
• Reference Links	2/1/02
• Definition Of Terms	2/1/02
• Social Services Financial Overview	2/1/02
• Local Budget Processes	2/1/02
Overview	2/1/02
Budget Requirements	2/1/02
Fund Responsibility	2/1/02
State Budget Allocations - Key Budget Dates and Yr End Reallocation	5/16/02
State Budget Allocations - Preparation and Confirmation	2/1/02
State Budget Allocation Methodologies	2/1/02
LDSS Requests For Additional VDSS Budget Allocations	2/1/02
• Random Moment Sampling	2/1/02
Overview	2/1/02
RMS Process	2/1/02
LDSS Responsibilities	2/1/02
Excluding Employees from RMS	2/1/02
RMS Process flow	2/1/02
• Reimbursement Topics	2/1/02
○ LDSS Reimbursement Options	2/1/02
PACAP (Public Assistance Cost Allocation Plans)	2/1/02
Direct Grant Reimbursement	2/1/02
LASER	2/1/02
Federal Pass-throughs	2/1/02
CSCAP (Central Service Cost Allocation Plans)	2/1/02
LPACAP (Local Public Assistance Cost Allocation Plans)	2/1/02
CPT (Certified Pass-through)	2/1/02
○ Revenue Maximization Projects	2/1/02
Overview	2/1/02
Approval of Rev Max Projects	2/1/02
Types of Rev Max Projects	2/1/02
Use of Funds	2/1/02
Non-Supplanting	2/1/02
○ Central Service Cost Allocation Plans	2/1/02
CSCAP Certification	2/1/02
○ Federal Pass-Through Funding	2/1/02
○ LASER Certification and Reconciliation	2/1/02



Virginia Department of Social Services
Finance and Administration Guidelines Manual
For LDSS (Local Departments of Social Services)

May 16, 2002

TABLE OF CONTENTS (continued page 2)

• Fraud	2/1/02
Statewide Fraud Control Program	2/1/02
Reimbursement For Fraud Workers Administrative Expenditures	2/1/02
• TANF Related Topics	2/1/02
Identification And Reporting Of TANF/AFDC Overpayments	2/1/02
Reporting TANF Overpayment Collections In Adapt	2/1/02
Reporting Food Stamp Overpayment Collections	2/1/02
TANF Checks Reported Lost Or Stolen	2/1/02
TANF Check Cancellations For Undeliverable Checks	2/1/02
Reporting Stop Payments On TANF Checks	2/1/02
Authorize A LDSS Issued TANF Check	2/1/02
TANF Check Deletion	2/1/02
• Fees For Court Ordered Services	2/1/02
Fees For Non-Agency Placement Adoption Services And	
Home Studies In Surrogacy Cases	2/1/02
Fees For Custody Investigations, Mediation Services And Supervised	
Visitation	2/1/02
• Records Retention (link only) refer to the Reference Links section	Link only
• Report of Collections (link only) refer to the Reference Links section	Link only
• Special Welfare	2/1/02
Contents	2/1/02
Contacts	2/1/02
Special Welfare Reference Links	2/1/02
Special Welfare Defined	2/1/02
Special Welfare Accounting Procedures	2/1/02
Special Requirements and Restrictions	2/1/02
Resource Limitations and Program Restrictions	2/1/02
SSI Dedicated Accounts	5/16/02



Virginia Department of Social Services
Finance and Administration Guidelines Manual
For LDSS (Local Departments of Social Services)

May 16, 2002

REVISIONS SUMMARY

Section / Content Changed

- Added this Revisions Summary 5/16/02
- [State Budget Allocations - Key Budget Dates and Yr End Reallocation](#) 5/16/02
 - Clarified the process for the month of April
- Special Welfare - [SSI Dedicated Accounts](#) 5/16/02
 - Clarified the term "back payments" and provided a reference link



Virginia Department of Social Services
Finance and Administration Guidelines Manual
For LDSS (Local Departments of Social Services)

Feb 2002

MANUAL PURPOSE

The purpose of this manual is to provide LDSS (Local Departments of Social Services) guidelines on various financial, and administrative topics pertaining to the business of providing daily services, and assistance to social service clients. Each topic is identified by a separate heading and can be accessed directly by selecting the bookmark tab.

These guidelines are intended to supplement and help interpret, but not replace or change, all applicable federal, state, and local regulations, plus related policies and procedures. The explanations and descriptions do not include every variable and situation that can occur, but are to be used as a guide. Therefore, any questions or clarifications regarding any topics should be directed to the applicable regional office person. Refer to the Contact section of this guideline for a listing of regional office personnel.

Additional information related to reimbursable and allowable costs can be found in the LASER Expenditure Guidelines Manual. Refer to the Reference section of this manual for a link to this manual.

Manual Development Background

An Administrative committee comprised of local, regional and state personnel started meeting in 2001 to compile and review prior documentation related to the contents of this guideline. This same committee was also responsible for the development of the LASER Expenditure Guidelines Manual for LDSS.

Material dated on or before February 1, 2002 was completed by this committee. This was accomplished not only through research, but also with the input from VDSS (Virginia Department of Social Services), and LDSS personnel.

Maintenance and Updates

An Administrative committee will continue to meet to complete this manual. Any requests for corrections or additions to this manual should be directed to one of the Regional Administrative Managers as referenced in the Contact section of this guideline.

Revisions and updates will be made to the web site as needed. The revision date will appear next to the topics in the Table of Contents of each section.



Virginia Department of Social Services
Finance and Administration Guidelines Manual
For LDSS (Local Departments of Social Services)

Feb 2002

Contacts

The following is a list of the primary contacts for these guidelines.

Regional Administrative Managers

<i>Region</i>	<i>Name</i>	<i>Work Phone</i>	<i>Email Name</i>
Central	Richard Pyle	(804) 662-9786	rwp992@central.dss.state.va.us
Eastern	Thomas Little	(757) 491-3992	tkl993@eastern.dss.state.va.us
Northern	Carole Ortmyer	(540) 351-1569	cco995@northern.dss.state.va.us
Piedmont	Connie Carter	(540) 857-6533	cwc996@piedmont.dss.state.va.us
Western	Lewis Lafon	(276) 676-5654	lll904@western.dss.state.va.us

VDSS-Division of Finance Contacts

LASER Reimbursement Unit

	<i>Work Phone</i>	<i>Email Name</i>
Kelly Wright - Reimbursement Manager	(804) 692-1353	kjm900@dss.state.va.us
Torsheba Jones	(804) 692-1314	ttj900@dss.state.va.us
Vanessa Majors	(804) 692-1330	vjm900@dss.state.va.us
Ann Schakel	(804) 692-1333	aws2@dss.state.va.us

Budget Office

Mike Gump - Budget Director	(804) 692-1337	mlg3@dss.state.va.us
Katherine Puckett	(804) 692-1872	kdt2@dss.state.va.us
Ida Bates	(804) 692-1884	ihb8@dss.state.va.us
Debbie Larsen	(804) 692-1334	del900@dss.state.va.us
Emory Freeman	(804) 692-1335	esf3@dss.state.va.us

Revenue Maximization Unit

	<i>Work Phone</i>	<i>Email Name</i>
Rich Wethington - Revenue Maximization Manager	(804) 692-1313	drw2@dss.state.va.us



Virginia Department of Social Services
Finance and Administration Guidelines Manual
For LDSS (Local Departments of Social Services)

Feb 2002

REFERENCE LINKS

- [LASER Expenditure Guidelines Manual](#)
- [Records Retention Schedules](#) - The Library of Virginia - Select state/local government, next select record management services, then general schedules for VA localities, and finally, GS-15 for DSS records:
- [Report of Collections](#) - Instructions and form: Select the "Forms" heading within the Division of Finance web site:
- [Code of Virginia - Social Services, Title 63.1](#)
- [Virginia Administrative Code - Social Services](#)
- [Federal Health and Human Services - Implementation Guide for Cost Allocation Plans](#)
- [Office of Management and Budget Circular A-87](#)
- [Local Board Member Handbook](#)



Virginia Department of Social Services
Finance and Administration Guidelines Manual
For LDSS (Local Departments of Social Services)

Feb 2002

DEFINITION OF TERMS

Some terms frequently used are defined below. Refer to applicable sections and references for full definitions.

1. Allotment – Funds made available to pay for expenditures for a particular purpose and for a given period of time. The allotment process provides an effective control whereby the local agency's total financial requirements are assured by allotting funds for the fiscal year.
2. Allocable or Indirect Costs – Administrative costs that cannot be associated with a cost center or objective for purposes of claiming reimbursement. These costs are allocated to specific cost centers based on RMS (Random Moment Sampling) result percentages.
3. Appropriations – Funds established by the General Assembly through the biennial Appropriation Act and related legislation.
4. Administrative Expenditures – Expenditures necessary for activity related to the operation of social service programs. These costs include, but are not limited to, salaries, fringe benefits, and operational costs.
5. Budget – A fiscal plan used to forecast social service related expenditures for a given period of time, and a proposed means of funding those costs.
6. Capped Program – Federal programs that stipulate the maximum amount of funding the Commonwealth is entitled to receive.
7. Central Service Cost Allocation (CSCA) –An allocation process whereby a local government allocates their centralized costs to their individual agencies and departments. These services can include, but are not limited to, building and equipment allowance, insurance, legal service, professional services, personnel services, building and grounds, finance and clerical services.
8. Dedicated Worker – A worker that works on one or more single cost center or objective.
9. Direct Costs – Costs associated with a specific cost center or objective not allocated.
10. Eligibility Worker – A worker that supports client eligibility determination for benefit programs.
11. Expenditure - expenditure includes all amounts of money paid out by a LDSS during its fiscal year while providing financial assistance and services to social services clients. Expenditures can be submitted for reimbursement consideration; however, money not paid out (or due) is not expenditure and should not be submitted for reimbursement in LASER. VDSS personnel must approve exceptions.
12. Federal/State/Local – A classification of data according to fiscal entities necessary to comply with legal requirements and GAAP (Generally Accepted Accounting Principals). The General Assembly and VDSS (Virginia Department of Social Services) makes appropriations according to funds. Expenditures are charged against funds in accordance with those appropriations.



Virginia Department of Social Services
Finance and Administration Guidelines Manual
For LDSS (Local Departments of Social Services)

Feb 2002

DEFINITION OF TERMS (continued page 2)

13. Federal Pass- A "Pass-through" is a process whereby applicable LDSS expenditures can be submitted for reimbursement from the federal government, "federal financial participation" (FFP), through the state on condition that the locality provides the necessary financial match.
14. Indirect Costs – See Allocable Costs. Refers to expenses applied against a cost center/code(s) that gets allocated.
15. Joint Worker – A classification to signify that this employee is associated with multiple cost centers and objectives including service and eligibility work, for example, management personnel.
16. Non-Reimbursable Expenditure – Cost not allowable for federal/or state reimbursement based on the rules/regulation criteria for that program.
17. Office of Management and Budget (OMB) Circular A-87 – This Circular establishes principles and standards for determining costs for federal awards carried out through grants, cost reimbursement contracts, and other agreements with state and local governments and federally recognized Indian tribal governments (governmental units).
18. Overpayments – The act of erroneously disbursing funds to a client/vendor for an amount more than the allowable entitlement.
19. Purchase of Services – The process of purchasing services that will support and nourish eligible clients.
20. Random Moment Sampling – A statistical methodology used to allocate applicable expenditures (costs that otherwise cannot be associated with a cost center) to benefiting federal and state programs.
21. Reasonable and Necessary Cost – A costs that is incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost, and as approved using state standards and guidelines.
22. Reimbursement – A process whereby LDSS and/or the state are compensated for allowable expenditures claimed against eligible state and federal awards, contingent upon availability of funding.
23. Reimbursable Expenditure – Allowable costs that qualify and are allowable for federal and state reimbursement consideration.
24. Service (Social) Worker – A worker that administers client service delivery.
25. TANF – Temporary Assistance for Needy Families – The objectives of this program are to provide time-limited assistance to needy families with children so that the children can be cared for in their own homes or in the homes of relatives; end dependence of needy parents on government benefits by promoting job preparation, work and marriage; prevent and reduce out-of-wedlock pregnancies, including establishing prevention and reduction goals and encourage the formation and maintenance of two parent families.
26. Uncapped Program – Programs that do not stipulate a maximum amount of federal funding the Commonwealth is entitled to receive.



Virginia Department of Social Services
Finance and Administration Guidelines Manual
For LDSS (Local Departments of Social Services)

Feb 2002

SOCIAL SERVICES FINANCIAL OVERVIEW

The Local Boards of Social Services administer funds appropriated from local, state, and federal sources that are used for the purpose of providing social services and financial assistance under the provisions, and requirements of federal regulations, state statutes (Code of Virginia), and the rules, and regulations prescribed by the State Board of Social Services. These boards, rules, and regulations help ensure efficient and proper use of public funds for their intended purposes.

LDSS (Local Department of Social Services) receive state and local funding primarily from their governmental body. Their governmental body receives most of their federal and state funding from the state through an annual budget review process although, some funding is provided from other sources. Each year, the LDSS Director in conjunction with the Local Board estimates the funding needs for each activity, presents the budget to their local governing body then, to the Commissioner of VDSS (Virginia Department of Social Services) for review and approval. The local governing body appropriates funds from their local general fund to the LDSS. The appropriation is earmarked for public Social Services purposes.

The local county or city treasurer, or a fiscal officer is the custodian of all funds in the local treasury. The funds expended for social services purposes are disbursed only on authorization of the Local Board of Social Services.

State appropriations are made by the General Assembly to the State Department of Social Services for the purpose of reimbursing the counties and cities for a portion of the cost of providing social services and financial assistance. Reimbursement to LDSS from state general funds is limited to the funds allocated by the Commissioner of VDSS. State appropriations include funds received from the federal government as reimbursement for a share of the expenditures in various mandated federal programs. Reimbursement is received by the state from the federal government provided the requirements of the various federal regulations are met.

Local boards of social services, local directors and local agency staff have responsibilities under the Virginia Statutes for administering these programs in their community. Federal agencies and the Virginia Department of Social Services conduct both fiscal and administrative audits of the records of the LDSS to determine whether or not the standards, and regulations of the State Board of Social Services, adopted for the purpose of conforming to federal requirements, are being carried out. Under State Statute, Virginia Department of Social Services is required to take exception to any payments made which do not conform to federal or State regulations.



Virginia Department of Social Services
Finance and Administration Guidelines Manual
For LDSS (Local Departments of Social Services)

Feb 2002

LOCAL BUDGET PROCESSES

OVERVIEW

LDSS (Local Departments of Social Services) receive most of their funding from the state and their local government. Most federal funds are provided to the locality through the state. Some smaller federal amounts are obtained directly by the local government. There are also other local sources and partners that provide special LDSS funding.

The two primary budget processes LDSS are involved with are for the state and their local government/boards.

1. The LDSS's local government/board process - The LDSS prepares, submits and receives approval for their budget annually following the preparation and scheduling requirements set forth by their local authority. These budgets are based on anticipated expenditures and funding from all sources, federal, state, and local. This process usually precedes the VDSS allocation process.
2. The VDSS allocation process - VDSS prepares an annual LDSS allocation based primarily on their historical spending and other known changes. LDSS are not required to submit detail budgets, but provide input and confirmation on proposed allocations. Normally, when additional state and/or federal funding is available, LDSS become more involved in allocation decisions.

The following budget related topics provide general guidance and insight into the budget processes.

BUDGET REQUIREMENTS

The degree of budget preparation detail and the submission schedules are based on the requirements established by the LDSS local boards and/or governments. In addition, the LDSS must comply with state budget preparation and submission requirements as required by the Commissioner of VDSS. The Virginia code (referenced below) stipulates the general budget submission requirements for local departments, the authority, and discretion of the Commissioner to require related information.

[63.1-54](#). *The local boards shall submit annually to the boards of supervisors, councils and other governing bodies of their respective counties and cities a budget, containing an estimate and supporting data setting forth the amount of money needed to carry out the provisions of this title, and a copy thereof shall be forwarded to the Commissioner, subject to the provisions of § [63.1-33](#).*

§ [63.1-33](#). *A. The Commissioner shall require of local boards such reports relating to the administration of this title as the Commissioner may deem necessary to enable the State Board and the Commissioner to exercise and perform the functions, duties and powers conferred and*

Virginia Department of Social Services
Finance and Administration Guidelines Manual
For LDSS (Local Departments of Social Services)

Feb 2002

LOCAL BUDGET PROCESSES (continued page 2)

imposed by this title. He shall prescribe the form and submission schedule of applications, reports, affidavits, budgets and budget exhibits, and such other forms as may be required in the administration of this title. B. The Commissioner shall review budget requests submitted by local boards of public welfare, make modifications consistent with the requirements of this title and transmit the approved budget to each local board.

Most LDSS prepare and submit budgets to their local boards in December of each year for the upcoming local fiscal year that starts in July. The submission dates and level of detail is based on the local fiscal year and other local requirements. The annual LDSS budget should be prepared using a schedule that allows a final budget to be submitted by the specified deadline. To ensure that the budget estimate is properly interpreted, the Chairman of the Local Board, or the Superintendent/Director of the LDSS should present it to the governing body personally.

To facilitate the state budget process, the VDSS Commissioner does not require LDSS to submit their detail budgets to VDSS at the present time. LDSS budget allocations are determined by VDSS prior to the start of the fiscal year with input and confirmation from each locality. This process is simplified due to the lack of additional funding and the consistency of administrative spending.

FUND RESPONSIBILITY

[Section 63.1-91](#) of the Code of Virginia provides that the governing bodies of the counties and cities shall appropriate each year such sum or sums of money as shall be sufficient to provide for the payment of public assistance, and provide services, including the cost of administration. The local appropriations may be out of any funds in the general fund of the county or city treasury. If the amount appropriated to the Local Board of Social Services from the local governing body has been exhausted, and if additional funds are necessary for operation of a program, the governing body may make an additional appropriation. If sufficient funds are not available in the local general fund, the governing body has the authority to borrow, in anticipation of reimbursement, thereof, the additional funds necessary.

It is mandatory, upon the governing body, to appropriate the amount required by the social services budget, and to make an additional appropriation, if necessary, to provide this sufficient sum as required by this section. Failure to do this will result in noncompliance with the requirements of the act. See [§63.1-122](#) and [§63.1-123](#) of the Code of Virginia.

[Section 63.1-92](#) of the Code of Virginia provides for reimbursement to localities by the state for the federal and state share of program and administrative expenditures.



Virginia Department of Social Services
Finance and Administration Guidelines Manual
For LDSS (Local Departments of Social Services)

May 16, 2002

LOCAL BUDGET PROCESSES (continued page 3)

STATE BUDGET ALLOCATION - KEY BUDGET DATES AND YEAR-END REALLOCATIONS

The following dates provide a general time frame and are subject to change by the Budget office.

April – Budget instructions for the upcoming fiscal year are mailed to the LDSS from VDSS Budgeting. For certain budget lines, LDSS reply with their financial requirements and justification for changes.

May – The final approved allocations for the upcoming fiscal year are distributed to the LDSS. May expenditure's reimbursed in June via LASER (Locality Automated System for Expenditure Reimbursement) is the last month of the fiscal year for LDSS. The VDSS Budget Office reviews May's statewide balances to identify excess funding. It reallocates any excess funds for the LASER May expenditures based on each locality's needs and proportionate use of pass-thru funding. Excess funding is not automatically "rolled-over" to the new fiscal year in LASER. Additional funding is sometimes added to the new fiscal year for some multiyear programs when funds remain from the previous year.

June – Expenditures incurred in June are applied against the new budget allocations since this is the first month of the fiscal year in LASER. Expenditures and budget allocations in LASER for each fiscal year are independent of each other.

November - January – A midyear review planning process begins at VDSS and instructions are issued to LDSS. Approved midyear adjustments are posted in LASER by VDSS.

STATE BUDGET ALLOCATION - PREPARATION AND CONFIRMATION

A budget transmittal with instructions is issued each April by VDSS to the LDSS Directors /Superintendents. This transmittal indicates specific program policy and budget instructions. LDSS can effectively plan for future requirements by analyzing prior expenditures, and taking into account changes in economic conditions, programs, and caseloads. Operating policies of the Local Social Services Board and regulations of the State Board of Social Services must be given first consideration.

Some factors to be taken into account in the preparation of financial assistance and social service budget estimates are as follows:

1. Number of clients and cases currently receiving assistance.
2. Rate of decrease or increase in the number of clients and cases.
3. Estimated average number of clients and cases for the budget period.
4. Average current payment per client or case.
5. Changes in policies and procedures in regard to payments per client or case.
6. Estimated average monthly payment per client for budget period.



Virginia Department of Social Services
Finance and Administration Guidelines Manual
For LDSS (Local Departments of Social Services)

Feb 2002

LOCAL BUDGET PROCESSES (continued page 4)

The administrative budget estimates should be considered in three parts:

1. **Personnel Services** – Include the cost of the continuation of the present salaries and fringe benefits, the cost of planned salary increases, and the cost of re-classifications or re-grading. The proposed salaries should be in conformity with the compensation plan adopted by the local board. (Refer to the Reference Links section of this manual for guidelines regarding salary reimbursement). Adequacy of staff should be considered, and if new positions are needed, consideration should be given to the cost of establishing the new positions.
2. **Other Operating Expenses** – This includes miscellaneous operating expenses, such as: contractual services, utilities, telecommunications, rent, insurance, postage, travel, supplies, and other recurring expenses. Actual expenditures for the preceding fiscal year and amounts budgeted for like items for the current fiscal year generally provide a good basis for estimating future budget requirements. Changes in unit rates of costs and the expansion or decrease in services should also be considered in future planning. Additional expenses to be incurred because of the establishment of additional positions should also be taken into consideration. Refer to the Reference Links section of this manual for more information on Office Space.
3. **Capital Purchases** – Includes, but is not limited to, motor vehicles, furniture, and fixtures, and office equipment. The need of the agency for such equipment should be determined on the basis of promoting efficient and effective program operations.

STATE BUDGET ALLOCATION METHODOLOGIES

Funds are allocated to local offices by VDSS based on various allocation methodologies. Funding is dependent on federal allocations granted to Virginia, funds made available through the state legislature, and the matching funds made available by the local governing body.

For certain mandated programs, funds are required by law. In other cases, program funds might last until fully expended.

Budget allocations are based on one or more of the following methodologies:

- (1) projected program expenditures - This is used to fund mandated programs.
- (2) approved formulas - Used for programs with limited available funding.
- (3) local agency requests - Used for manual checks (stop payment, reissues), general relief, refugee resettlement and pass-thru programs.
- (4) approved locality plans - Used for programs that require the submittal and approval of a local agency plan.
- (5) previous state fiscal year allocations - Used for service, eligibility administration and purchased services expenditures that are not included in other programs.



Virginia Department of Social Services
Finance and Administration Guidelines Manual
For LDSS (Local Departments of Social Services)

Feb 2002

LOCAL BUDGET PROCESSES (continued page 5)

LDSS REQUESTS FOR ADDITIONAL VDSS BUDGET ALLOCATIONS

After allocations are made to LDSS, Superintendents/ Directors monitor the expenditures to determine if allocation adjustments are necessary. Requests for additions or changes in funding during the fiscal year should be made using the procedures established by the VDSS Budget office.



Virginia Department of Social Services
Finance and Administration Guidelines Manual
For LDSS (Local Departments of Social Services)

Feb 2002

RANDOM MOMENT SAMPLING (RMS)

OVERVIEW

RMS (Random Moment Sampling) is a statistical methodology used for allocating applicable expenditures to benefiting federal and state programs. It is a federally approved (preferred) process for distributing costs, and nationally, it is the method used most frequently by states. RMS involves the random selection at points in time (“moments”) of LDSS (Local Department of Social Services) workers extracted from LETS (Local Employee Tracking System). By using RMS, VDSS (Virginia Department of Social Services) meets federal record keeping standards of worker activity without requiring the LDSS worker to keep activity records/time sheets during the workday.

It is important to maintain accurate records of worker activity (using RMS):

- To assure that general administrative costs are properly distributed among the various federal, state, and local funding sources that support benefit and social services programs
- To obtain accurate reimbursements based on the funding sources and programs determined through allocation methodologies utilizing RMS statistics
- Because RMS statistics are used to allocate approximately \$20 million a month in LASER (Locality Automated System for Expenditure Reimbursement) through the LASER allocation process
- Because RMS statistics are used to allocate approximately \$33 million a month in the process of determining federal reimbursements via the quarterly Virginia Cost Allocation process
- Mathematically, each RMS observation allocates \$12,500 of administrative expenditures, and generates \$6,250 of federal revenue

RANDOM MOMENT SAMPLING PROCESS

1. Source

Employees are input into the Local Employee Tracking System (LETS) by the localities when the employee is hired. The local agency inputs all pertinent information such as name, social security number, birth date, position number, class code, etc. The LETS codes determine whether the employee is considered a benefit worker or a service worker. For RMS purposes, each type of worker is considered to be a pool (i.e. benefit worker is one pool, service worker is another pool).

2. Selection of workers

From these “pool” of employees, the Random Moment Sampling System selects a sample size to be tested that quarter. Ordinarily, the regular sample size is 4,000 for benefit programs and 4,000 for service programs. Normally, about half of the observations turn out to be usable program observations. The RMS System randomly selects the employee, the date, and the moment in time for observation.



Virginia Department of Social Services
Finance and Administration Guidelines Manual
For LDSS (Local Departments of Social Services)

Feb 2002

RANDOM MOMENT SAMPLING (RMS)
(continued page 2)

3. The observation

Once the sample is selected for the quarter, VDSS Division of Finance generates and mails the observation forms to the RMS Coordinator for the upcoming month. Each locality has a RMS Coordinator. The RMS Coordinator receives the observations, verifies the observations received are correct, and then distributes the observation sheets to the worker that will be doing the observation. This observation is a surprise observation. The observer is to observe the worker on the date and at the moment in time that the Random Moment Sampling System selected. The observer then documents what the worker is doing at that moment in time. (i.e. working on a case, on break, etc.). The interview will not take much time to complete and each benefits and services worker, on average, will be asked 2.7 times per quarter to complete a RMS Observation Form.

Once the observation is done, the observer appropriately fills out the observation form and forwards it to the RMS Coordinator. The RMS Coordinator inputs the information into the Random Moment Sampling System. The form is retained at the locality level.

4. Observation results

Once all observations for the quarter are made and input into the system, the Central Office closes the Random Moment Sampling System. (This is done on a quarterly basis). Once all observations are correctly entered and classified, the observations are compiled into statistics or RMS percentages. Statistics are received for both services and benefits.

The Random Moment Sampling System actually compiles the statistics based on the data that has been inputted into the system by the localities. The system uses the past three months observations to compile the data. The months are all weighted evenly. These statistics are then used for the processing of the LASER monthly allocation, and VDSS quarterly cost allocation.

Upon receiving the RMS percentages, the Division of Finance inputs these percentages into an EXCEL template by program, by grant. The template combines all like grants (i.e. all Refugee and all Fraud etc.) to get the percentages that will be used to allocate costs. Once the template compiles these percentages, Division of Finance inputs these percentages into the applicable allocation program tables of LASER, and for the VDSS allocation process.

LDSS RESPONSIBILITIES

- Maintain personnel data in the LETS system
- Exclude applicable personnel normally observed from the process (see the following Exclusion process)



Virginia Department of Social Services
Finance and Administration Guidelines Manual
For LDSS (Local Departments of Social Services)

Feb 2002

RANDOM MOMENT SAMPLING (RMS)
(continued page 3)

- Observe and record program/activity on the RMS form at the specified moment accurately
- Ensure that results are entered into the RMS system in a timely manor

EXCLUDING EMPLOYEES FROM RMS

Sometimes there are special circumstances when a LDSS employee (normally included in RMS) should be excluded from the RMS process. Refer to the section in the *LASER Expenditure Guidelines Manual* on *Indirect/Direct Treatment of Salary Costs and RMS* for situations when exclusions may be appropriate. A link to the LASER manual can be found in the Reference Links section of this manual.

If it is determined that a LDSS employee who normally would be included in the RMS process, should be excluded from all future RMS observations, an email should be sent from appropriate LDSS Fiscal Management to the DOF (Division of Finance) Reimbursement Manager. The same information should be provided to reverse an employee's exclusion status. The email should include:

- The name of the employee to be excluded
- Position number
- Fips number
- Brief explanation

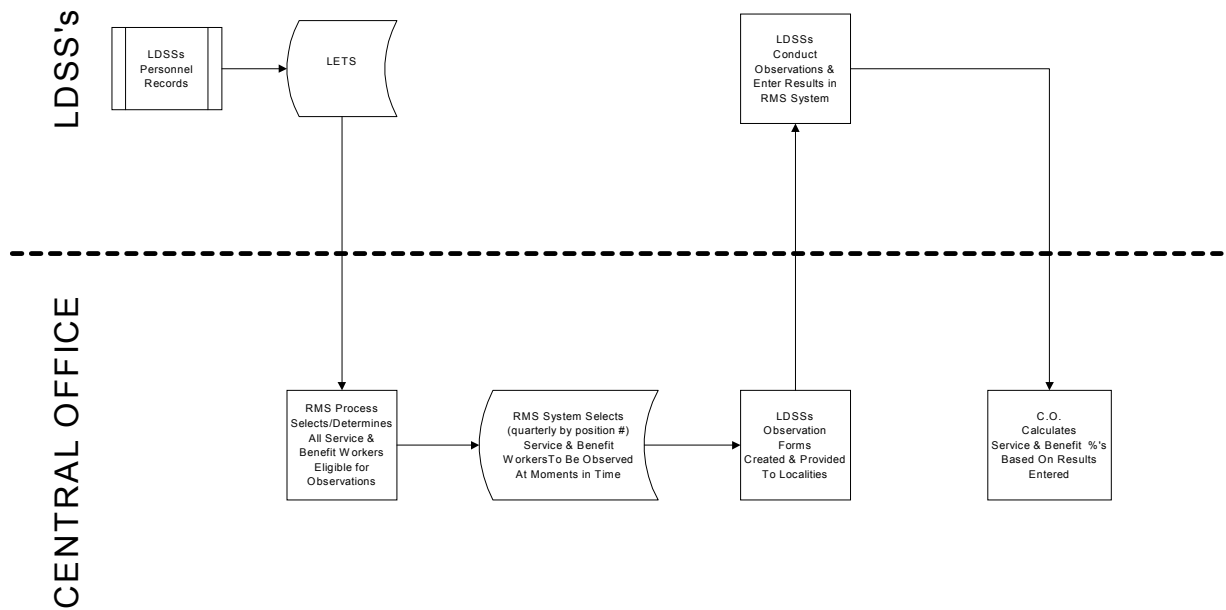
Employee status changes in LETS are reflected in RMS when the RMS employee selection process is performed. The RMS selection process occurs quarterly on the first day of the month prior to the first month of the calendar quarter, for example, December 1 for the January through March quarter. If a change is made in LETS after the RMS selection, then observations would continue for that employee through the quarter. If this occurs, an email request can be sent to the DOF (Division of Finance) Reimbursement Manager requesting that future observations for the quarter be removed from RMS. This request should clearly indicate that this is only for the quarter and that the changes were made in LETS.



Virginia Department of Social Services
Finance and Administration Guidelines Manual
For LDSS (Local Departments of Social Services)

Feb 2002

RMS PROCESS





Virginia Department of Social Services
Finance and Administration Guidelines Manual
For LDSS (Local Departments of Social Services)

Feb 2002

LDSS Reimbursement Options

PURPOSE/OVERVIEW

The majority of social service clients are served directly by LDSS and as a result, they are reimbursed for the associated expenses by the state with general and federal funds. The reimbursement process used is based primarily on the type of expenditure, however, LDSS often have a choice as to which process to use. The purpose of this section is to outline some of the reimbursement options available to LDSS.

Regardless of the reimbursement method used, the federal government requires (with few exceptions) that LDSS expenditures be submitted for federal reimbursement through the state. Also, all expenditures submitted for federal reimbursement must comply with federal guidelines and any reimbursement method used for federal funds must be federally approved. The VDSS is required, by the federal Office of Management and Budget (OMB) Circular A-87, to develop, maintain and monitor a process to ensure that reasonable and necessary costs, which are allowable for federal reimbursement, are fairly and consistently allocated to a federal program based on the benefit derived.

The following processes are used to reimburse LDSS (through VDSS for federal funds) and are explained in this section.

- (State Plan Only) PACAP (Public Assistance Cost Allocation Plans) Statewide Allocation
- Direct Grant Reimbursement
- LASER (Locality Automated System for Expenditure Reimbursement)
- Federal Pass-throughs
- CSCAP (Central Service Cost Allocation Plans)
- LPACAP (Local Public Assistance Cost Allocation Plans) Local Allocation
- CPT (Certified Pass-through)

PACAP (PUBLIC ASSISTANCE COST ALLOCATION PLANS) STATEWIDE ALLOCATION

VDSS is required to have a federally approved statewide cost allocation plan that identifies how the state will receive reimbursement from the federal government for all reimbursable social services costs, including those from LDSS. This plan is referred to as a PACAP and all reimbursable options identified in this section are included in and support this state plan.

The PACAP used by the state identifies a quarterly statewide reimbursement process. Each quarter, a statewide cost allocation process is performed by Division of Finance to capture the costs of administering all social services activities at the local, regional, and state levels. The



Virginia Department of Social Services
Finance and Administration Guidelines Manual
For LDSS (Local Departments of Social Services)

Feb 2002

LDSS Reimbursement Options (continued page 2)

PACAP process ultimately assigns costs to the appropriate state and federal service programs. All direct and indirect costs (VDSS central office costs, central state government costs, LDSS costs from LASER, and local government costs) are collected. The “indirect” administrative costs are then allocated among the benefiting programs using federally approved cost allocation methodologies. These allocated costs are combined with the direct costs, and both are then assigned to the programs, in addition to the appropriate federal, state or local funding sources. These results are reported to the federal government for reimbursement of the federal portion.

As part of the PACAP process, the state office re-allocates expenditures from LASER and other costs using finalized “current” quarter RMS results and other statistics. This calculates the proper federal reimbursement to the “state” office for the state funds already used to make payment to the locality for the preceding three months.

DIRECT PROGRAM REIMBURSEMENT

Some reimbursements from and through the state are initiated and approved directly by VDSS program staff. The applicable funds are usually related to specialized grants. LDSS are notified by VDSS program staff when these special grants are available, and often are required to submit service plans for them.

Direct program expenditures are usually reported to VDSS program staff who then authorize LDSS reimbursement. Although this reimbursement is electronically sent to the local Treasurer, it is not part of LASER. These costs are included in the statewide PACAP as referenced above.

LASER (LOCALITY AUTOMATED SYSTEM FOR EXPENDITURE REIMBURSEMENT)

Expenditures reimbursed through LASER are usually related to the normal operations of a LDSS in support of social service clients. Refer to further explanations of LASER in the *LASER Expenditure Guidelines Manual* linked from the Reference Links section of this guideline. Also, refer to the Federal Pass through section in this guideline for more information.

LASER is used as a reimbursement tool and the applicable federal expenditures reported are used by VDSS as an estimate to draw federal funds at the state level. The allocations and funding reimbursement percentages used in LASER closely align with the VDSS PACAP process. As mentioned in the PACAP section above, each quarter, LASER expenditures are pulled into the PACAP and many are reallocated based on more current statistics.



LDSS Reimbursement Options (continued page 3)

FEDERAL PASS THROUGH PROCESSES

A federal pass through implies that the state will submit local expenditures for federal reimbursement only and pass the federal match amount back to the LDSS. When a LDSS desires to submit their expenditures for federal pass through reimbursement, they must do so through the state. VDSS will process allowable expenditures for LDSS whenever they desire, provided local matching funds are sufficient. A pass through process is usually desired to access federal funding over and above state allocations.

Federal pass-throughs can be either direct or indirect charges to a federal program. Examples include the Title IV-E pass-through and the eligibility pass-through. There are several pass through processes available including those through LASER or the CPT process indicated below. Refer to further explanations of LASER pass through options in the *LASER Expenditure Guidelines Manual* linked from the Reference Links section of this guideline.

CSCAP (CENTRAL SERVICES COST ALLOCATION PLANS)

The Central Services Cost Allocation Plan allocates central costs within a governmental unit to all benefiting locality agencies. Most of Virginia's local governmental units provide certain services, which benefit all local agencies, such as: purchasing, computer centers, accounting, and motor pools. The CSCAP plan allows localities to receive some added federal funds for a portion of these costs that benefit programs administered by local departments of social services. CSCAP claims are only made for costs allocated to the "uncapped" federal programs.

The OMB Circular A-87 sets guidelines for the formulation and implementation of the CSCAP plans. In addition, the VDSS maintains statewide guidelines for use in approving and monitoring local CSCAP plans (as required for all sub-recipients of federal awards).

Refer to the separate section in this guideline for more information pertaining to CSCAP's.

LPACAP (LOCAL PUBLIC ASSISTANCE COST ALLOCATION PLANS) LOCAL ALLOCATION

A LPACAP outlines a process (refer to OMB A-87) whereby the locality chooses to determine its allowable reimbursable expenditures by using methods other than those specified in the state VDSS PACAP. VDSS has a process to study local requests for an LPACAP plan. The process requires that the locality satisfactorily describe the specific inequity that exists and why it requires a separate local plan.

The federal government has decided that an inequity does not exist merely because a locality may obtain more federal funding by using different allocation methodologies within a



Virginia Department of Social Services
Finance and Administration Guidelines Manual
For LDSS (Local Departments of Social Services)

Feb 2002

LDSS Reimbursement Options (continued page 4)

LPACAP. Inequities are more related to the issues of deviations in organizational structures, service delivery systems that exclude otherwise allowable costs, unusual client mixtures, and other unique deviations from the processes described within the approved statewide cost allocation plan. Deviations mostly focus on allocation "methodologies" versus identifying unclaimed costs.

CPT (CERTIFIED PASS THROUGH OF PUBLIC EXPENDITURES)

An approved CPT plan will allow local agencies to claim federal reimbursement for reasonable, necessary and allowable expenditures of "public" funds that were 1) incurred and paid outside of the local department of social services and/or, 2) incurred and paid internally with "local only" funds (not previously claimed for federal reimbursement via LASER or another process). It is similar to the CSCAP process, but differs in that it primarily identifies "specific" costs directly to a federal program (vs. allocating "general" costs among various federal programs). For local costs that can be identified to a specific federal program, a CPT, if properly designed, can yield a higher federal reimbursement than the CSCAP process.

The CPT option allows local agencies to either 1) partner with outside groups who provide social service activities, or 2) identify internal "local only" costs that are not captured in one of the above four processes. Both the LDSS and the partner will "certify" that "public" funds were spent to provide allowable social service activities to eligible clients. Once certified, the LDSS may then claim these costs for federal reimbursement by submitting a claim to the VDSS. In addition, this option allows a shift of specific costs from the central services cost allocation plan (average reimbursement of 30%) into a CPT project (which can yield up to 50% reimbursement, for those costs directly identified to a 50% reimbursable federal program).

Refer to the Revenue Maximization section in this guideline for more information pertaining to CPT's.

With the various reimbursement options, extreme care must be used by the locality to ensure that costs are not duplicated or included in more than one allocation or reimbursement process.



Virginia Department of Social Services
Finance and Administration Guidelines Manual
For LDSS (Local Departments of Social Services)

Feb 2002

Revenue Maximization Projects

OVERVIEW

Many localities within Virginia have identified specific local programs that use local or other public funds to provide or support social services activities. While many of these program costs are allowable, they have not been claimed for federal reimbursement as a "certified pass thru" (CPT). The VDSS allows local agencies to develop a CPT project to now claim federal reimbursement for these unclaimed costs, providing sufficient documentation that the costs are 1) reasonable, necessary and allowable expenditures of "public" funds that were 2) incurred and paid outside of the local department of social services and/or, 3) incurred and paid internally with "local only" funds (not previously claimed for federal reimbursement via LASER or another process). The process primarily identifies "specific" unclaimed costs and allocates these costs directly to the benefiting federal program(s).

APPROVAL OF A REVENUE MAXIMIZATION PROJECT

To be approved for a project covered under these guidelines, the locality must approach the VDSS central office to request a study. The locality must 1) define the anticipated scope of the project, 2) clearly demonstrate the need for the project, 3) define the specific circumstances warranting the study and, 4) define why traditional forms of reimbursement are not applicable to this project. Specific requirements exist for the varying types of projects and are discussed in the design of the project.

TYPES OF REVENUE MAXIMIZATION PROJECTS

It is anticipated that revenue maximization projects will capture non-traditional costs and may allocate these costs in non-traditional manners. Accordingly, these costs must be separated from traditional costs and independently monitored as reasonable and necessary. These costs will not be reported and reimbursed through the traditional statewide reimbursement system known as LASER.

There are two primary categories of revenue maximization projects.

1. The Local Public Assistance Cost Allocation Plan (LPACAP):

LPACAP's focus primarily on the "equitability of the allocation methods" used to allocate costs among the multiple federal programs. LPACAP's would normally be considered when a locality can demonstrate to the VDSS that 1) due to a non-traditional organizational structure, certain costs incurred to support the social services efforts are not captured in the existing reimbursement process, OR 2) that the state cost allocation plan and methodologies do not yield an equitable result for the locality.

LPACAP's may be approved as either "partial" or "full" LPACAP's. A partial LPACAP exists where the locality is reimbursed monthly through LASER for the traditional costs (normal



Virginia Department of Social Services
Finance and Administration Guidelines Manual
For LDSS (Local Departments of Social Services)

Feb 2002

Revenue Maximization Projects (continued page 2)

agency costs processed through the normal reimbursement process), but is reimbursed quarterly for the “non-traditional” costs via this process. The VDSS anticipates that partial LPACAP’s will meet the needs of most localities participating in this process. However, infrequently a full LPACAP may be approved for a locality to claim 100% of its costs through the LPACAP and thereby not participate in any other VDSS reimbursement process.

2. The Certified Pass Through Plan (CPT):

The CPT relies on “certified public expenditures” incurred inside or outside of the social service agency, normally relating to one or few federal programs. It would not normally challenge the allocation method or the equity of the results; rather, it would add new or non-traditional costs into the federal reimbursement process.

CPT’s would normally be considered when a locality provides services via a series of external affiliates OR has a group of costs that are not reimbursed through the existing process. This option will allow local agencies to either 1) partner with outside groups who provide social service activities (and who agree to “certify” their expenditures to the LDSS for federal reimbursement purposes, via a “cooperative agreement” or MOU), or 2) identify internal “local only” costs that are not captured in one of the other processes. Both the locality and the partner will “certify” that “public” funds were spent to provide allowable social service activities. Once certified, the costs may be claimed for appropriate federal reimbursement by submitting a claim to the VDSS.

CPT’s identify “specific” costs directly to a few federal programs (vs. allocating “general” costs among various federal programs). In addition, this option allows you to shift specific costs from the central services cost allocation plan (average reimbursement of 30%) into a CPT project (which can yield up to 50% reimbursement, for those costs directly identified to a 50% reimbursable federal program).

The CPT will be more complicated and far-reaching than traditional LASER pass through activities. CPT’s require added review of the process to confirm that costs are reasonable and necessary and that claims are adequately documented, and may require a client case file review.

If an LPACAP or CPT project is deemed appropriate by the locality, the VDSS will support local efforts to properly develop and submit a plan for approval of the project. Please feel free to contact the VDSS Finance Division – Revenue Maximization Unit with any questions you may have regarding an LPACAP or CPT project.



Virginia Department of Social Services
Finance and Administration Guidelines Manual
For LDSS (Local Departments of Social Services)

Feb 2002

Revenue Maximization Projects (continued page 3)

USE OF FUNDS

Additional funds received by a locality as a result of any revenue maximization project must be reinvested in the locality efforts to enhance the delivery of current human services programs (already defined and appropriated by the locality) or to fund new human services initiatives. These funds are effectively "restricted" funds that do not revert to the local general fund at year-end, and which warrant unique accounting treatment with an isolated account. Violations in the use of the funds may result in penalty or termination of the project.

NON-SUPPLANTING

Additional funds reimbursed to a locality as a result of this project shall not be used to replace or supplant funds otherwise appropriated by the locality for human service activities. Violations may result in penalty or termination of the project.

For VDSS administrative purposes, the process flow will be as follows:

- Contact VDSS to request a study of your defined project
- VDSS will schedule an on site visit for an initial study of project
- VDSS will assist your agency to develop your plan and project
- VDSS will assist with cooperative agreements, contracts and MOU's
- Submit narrative discussion of plan for VDSS approval
- VDSS approval obtained
- Begin implementation as guided by VDSS
- Prepare and submit invoice to VDSS for reimbursement
- VDSS performs on-site financial review of the initial invoice
- VDSS performs on-site review of case files, as needed
- VDSS obtains federal award and cash
- VDSS obtains necessary state appropriations
- VDSS files federal claim and receives reimbursement
- VDSS reimburses locality

The Commissioner must approve all plans. Plans should be submitted to Division of Finance – Revenue Maximization Unit, Virginia Dept. of Social Services, 730 E. Main Street, Richmond VA 23219. Once original documents are received, the agency will review the plan and contact you. Written approvals must be obtained before claims for reimbursement can be submitted.



Virginia Department of Social Services
Finance and Administration Guidelines Manual
For LDSS (Local Departments of Social Services)

Feb 2002

CENTRAL SERVICE COST ALLOCATION PLANS

Local governments have, and provide centralized services that benefit all their local government agencies and departments including the LDSS. These services can include, but are not limited to, building and equipment use allowance, insurance, legal service, professional services, personnel services, building and grounds, finance, and clerical services. Since the centralized costs are allowable for "federal only" reimbursement, a state and federally approved process is used to identify and assign them to appropriate federal awards. This process is called CSCAP (Central Service Cost Allocation Plans) and can (must) be used by any LDSS that desires to claim these costs for federal pass-through reimbursement.

The CSCAP is an annual process initiated by the local government, whereby county/city-wide administrative costs are allocated to all benefiting local departments. The portion of the expenditures allocated to the LDSS is forwarded to VDSS (Virginia Department of Social Services) via a CSCAP (Plan) for approval and reimbursement through LASER (Locality Automated System for Expenditure Reimbursement). If an approved plan is not received, the local agency will not be reimbursed for these services.

Local government CSCAP costs are allowable for reimbursement subject to the availability of federal funds. Presently, only costs associated with uncapped federal programs are reimbursed. Reimbursement will be made to LDSS each year not later than the May reporting month, provided the following procedural steps have been followed and approved. The reimbursement rate is based on the average Random Moment Sampling percentages for each applicable year.

1. A CSCAP must be submitted in accordance with the guidelines published in the Office of Management and Budget Circular (OMB) A-87 Cost Principles for State, Local and Indian Tribal Governments. Costs should be claimed for the most recent fiscal year for the local government. The plan is submitted to the Department of Social Services, Office of Internal Audit.
2. The plan must be accompanied with a copy of the local audit report applicable for the same year just ended, an organizational chart showing all departments of the local government benefiting from central service functions, and a certification. This certification is to be signed by the Chief Executive Officer of the locality and the Director/Superintendent of the LDSS. The form of certification follows this section.

IF A CSCAP HAS BECOME OUTDATED, A REVISED CSCAP MUST BE SUBMITTED TO THE VDSS DIVISION OF FINANCE FOR APPROVAL PRIOR TO SUBMITTING A CLAIM FOR REIMBURSEMENT.



Virginia Department of Social Services
Finance and Administration Guidelines Manual
For LDSS (Local Departments of Social Services)

Feb 2002

CENTRAL SERVICE COST ALLOCATION PLANS
(continued page 2)

3. Claims for reimbursement will not be processed until the Office of Internal Audit submits the appropriate information to the Division of Finance. Upon the receipt of the approved reimbursable total from the Office of Internal Audit, the Division of Finance applies the applicable RMS percentages to it, and enters the allowable expenditures into LASER. The funds are included in the next LASER EFT (electronic funds transfer) payment to the local treasurer, not later than the May processing month of each year. These funds are in cost centers: 84319, 84320, 84322, and 84323.
4. To ensure reimbursement is processed no later than the May processing month, the CSCAP should be submitted to the Office of Internal Audit no later than the last business day of December each year. Localities that do not meet this due date will be reimbursed based on an estimate, and an adjustment will be processed in LASER when the actual plan is received in the Office of Internal Audit.



Virginia Department of Social Services
Finance and Administration Guidelines Manual
For LDSS (Local Departments of Social Services)

Feb 2002

CITY (COUNTY) OF: _____
Cost Allocation Plan Certification

This is to certify that I have reviewed the cost allocation plan submitted herewith and to the best of my knowledge and belief:

1. All costs included in this proposal date **M/D/Y** to establish cost allocations or billings for the year ended June 30, **XXXX** are allowable in accordance with the requirements of OMB Circular A-87, "Cost Principles for State, Local and Indian Tribal Governments", and the Federal award(s) to which they apply. Unallowable costs have been adjusted for in allocating costs as indicated in the cost allocation plan.
2. All costs included in this proposal are properly allocable to Federal awards on the basis of a beneficial or causal relationship between the expenses incurred and the awards to which they are allocated in accordance with applicable requirements. Further, the same costs that have been treated as indirect costs have not been claimed as direct costs. Similar types of costs have been accounted for consistently.

I declare that the foregoing is true and correct.

Signature of the Chief Executive Officer
of the Locality

Signature of Local Department of Social
Services/Public Welfare Official
(Director/Superintendent)

Name

Name

Title

Title

County/City

Date of Execution

Date of Execution



Virginia Department of Social Services
Finance and Administration Guidelines Manual
For LDSS (Local Departments of Social Services)

Feb 2002

FEDERAL PASS-THROUGH FUNDING

A "Pass-through" is a process whereby applicable LDSS expenditures can be submitted for reimbursement from the federal government, "federal financial participation" (FFP), through the state on condition that the locality provides the necessary financial match. This process occurs when:

- A locality desires to seek reimbursement from federal sources, rather than from the state. This normally occurs when the LDSS has fully expended their state general fund allocation for a particular budget line.
- No additional state funds are available.
- Sufficient federal funds are available and the expenses are allowable.
- Sufficient state appropriation is available.
- The LDSS can provide the necessary financial match.
- The state submits the costs on behalf of the locality and passes-along the reimbursement to the LDSS, through LASER.
- Proper time reporting and other documentation is maintained supporting the expenditure.

All costs submitted for reimbursement from the state and or federal government must be reasonable, necessary, and allowable, were not previously submitted for reimbursement through other federal, or state funds, and are not included in the Central Service Cost Allocation Plan. Refer to the LASER Expenditure Guidelines Manual - "Allowable Costs" link in the Reference Links section of this guideline.

Allowable, reasonable and necessary salary and related fringe benefit payments for "local only" positions AND for LDSS (Local Department of Social Services) personnel whose salaries are beyond the reimbursable maximum of the Virginia Department of Social Services (VDSS) Basic State Compensation Schedule for their classification are allowable for reimbursement if proper approvals are obtained. Refer to the LASER Expenditure Guidelines Manual - "Salary Reimbursement Guidelines" link in the Reference Links section of this guideline.

The majority of federal pass-through funding is available for administrative expenditures only, but there are some exceptions. In addition, most federal funds used for this purpose are uncapped, that is, they have unlimited funds.

To utilize pass-through funding, sufficient budget allocations must be available in LASER. If necessary, additional funding can be requested via the budget request process. Reimbursement is done through the normal monthly LASER processes.

A description of each pass-through program available to LDSS is listed separately in the LASER Expenditure Guidelines Manual. A link can be found in the Reference Links page of this guideline.



Virginia Department of Social Services
Finance and Administration Guidelines Manual
For LDSS (Local Departments of Social Services)

Feb 2002

FEDERAL PASS-THROUGH FUNDING (continued page 2)

The following LASER Cost Codes can be used for the pass-through reimbursement for allowable expenditures.

- 00204 Eligibility Administrative Pass-Thru
- 00206 Eligibility Training Expenses Pass-Thru
- 84705 Service Admin Pass-Thru
- 87301 Administrative Foster Parent Training Pass-Thru
- 87601 Administrative Foster Care Pass-Thru
- 88201 Child Day Care Purchase of Service Pass-Thru
- 88202 Fee Child Care Pass-Thru
- 88501 Administrative Child Day Care Pass-Thru
- 89701 Food Stamp Employment and Training (FSET) Administrative Pass-Thru

To determine the eligibility and/or service share of joint costs for pass-throughs 00204, 00206, and 84705, the following methodology can be used:

- i. Calculate the sum of non-joint workers by adding the number of service workers plus eligibility workers. This information is also available on the LASER report titled Worker Counts YTD for a FIPS.
- ii. Divide the number of eligibility or service workers by the sum obtained in the previous step to obtain the eligibility or service rate of joint workers.
- iii. Multiply the eligibility or service rate by the total allowable joint costs



Virginia Department of Social Services
Finance and Administration Guidelines Manual
For LDSS (Local Departments of Social Services)

Feb 2002

LASER CERTIFICATION AND RECONCILIATION

OVERVIEW

Responsibility/Authority

VDSS (Virginia Department of Social Services) is responsible for overseeing that expenditures reimbursed are reasonable, necessary, and in compliance with state and federal regulations, and generally accepted accounting principles. LDSS (Local Department of Social Services) are responsible for ensuring that expenditures entered into LASER (Locality Automated System for Expenditure Reimbursement) for reimbursement are done in a manner that supports VDSS responsibilities.

Requirements

LDSS must demonstrate compliance and ensure accuracy by certifying and reconciling their expenditures. LDSS must certify monthly that the data entered into LASER for that month is allowable and correct to the best of their knowledge. The guidelines in this manual, plus those in the LASER Expenditure Guidelines Manual (refer to the Reference Link section) provide guidance on allowable costs. In addition to the certification, LDSS must ensure monthly that the amounts reimbursed electronically from the state to their local Treasurer through LASER reconcile to their LASER data entry source documents.

Use of This Guideline

The following guidelines are suggested methods that can be used by a LDSS to reconcile expenditures to ensure compliance with all applicable rules and regulations. Different reconciliation methods may be used, however, to alleviate the possibility of non-compliance, it is recommended that expenditures be reconciled at least at the Budget Line level.

LDSS Approval and Retention

The Local Director/ Superintendent of Social Services or their authorized representative should sign the monthly reconciliation and certification. These documents must be maintained at the locality for five years or until the specific month(s) is audited. In addition, a monthly certification must be emailed to the Division of Finance per instructions from the LASER Reimbursement unit.

CERTIFICATION

The following certification should be completed, signed and filed in the LDSS files monthly. It should be retained by the LDSS for five years or until the month(s) is audited.

A certification email must also be emailed to the Division of Finance per instructions from the LASER Reimbursement unit.



Virginia Department of Social Services
Finance and Administration Guidelines Manual
For LDSS (Local Departments of Social Services)

Feb 2002

LASER Monthly Expenditure Certification

CITY (COUNTY) OF _____

and (if joint agency) _____

Month of: _____

Total Source Amount: _____

This certifies to the best of my knowledge, that expenditure data entered into LASER (Locality Automated System for Expenditure Reimbursement) for the stated month for purposes of reimbursement consideration from VDSS (Virginia Department of Social Services) were reasonable and necessary to provide services and financial assistance to social service clients, and WHEREAS, all expenditures were properly allocated and entered using the appropriate account numbers, and were allowable in accordance with all local, state, and federal requirements.

Signature of Local Department of Social
Services Director/Superintendent or
Authorized Personnel

Date of Certification



LASER CERTIFICATION AND RECONCILIATION **(continued page 3)**

RECONCILIATION

LDSS expenditures electronically reimbursed monthly to the local Treasurer from the state through LASER must be reconciled by LDSS to the local source documents used to compile and enter the data into LASER. This reconciliation should be done at least at the Budget Line level.

Reconciliation Tips and Suggestions

- Final monthly LASER reports are available to localities normally within four business days after the monthly closing date. It is recommended that you use some or all reports listed below as the LASER control document(s).
 1. Local Reimbursement Report
 2. Locality Report of Reimbursement
 3. Electronic Funds Transfer Report
 4. Budget YTD with YTD Revisions
- Unposted batches: The monthly reconciliation should include the amounts for any batches that did not get posted during the period. Normally, Division of Finance personnel ensure that all journals are posted prior to the start of the month-end closing process.
- Following are suggested steps for a LDSS to follow when reconciling.
 1. Develop a reconciliation document (spreadsheet) with totals for at least the following categories: Source documents (what is used by the LDSS to enter the data into LASER), Control documents (LASER reports reflecting reimbursed amounts), Unposted journals (Information obtained from LASER).
 2. Assemble all supporting documentation, such as, original documents, spreadsheets, etc.
 3. Print the pertinent LASER report(s). Some are suggested above.
 4. Reconcile the monthly amounts. The source document totals should equal the LASER control totals, plus any unposted journals.
 5. Identify and resolve variances. This research should include a review of your journals and/or a review of the LASER report titled *Exp Detail for a CC, FIPS, MTD*. The Central Office staff makes expenditure entries on behalf of the LDSS during the month to the following budget lines only: 217, 890, 961 and 967.
 6. When an expenditure/budget line fails funds for a locality DURING THE MONTH END CLOSING PROCESS, and the budget office does not approve additional funds immediately, then the locality is notified by Division of Finance personnel prior to the completion of the month-end close. These failed fund expenditures are usually moved to an appropriate pass-through line or non-reimbursable fund category.
 7. Duplicate and erroneous data entries should be corrected in the next open LASER period/month prior to entering journals for the new month.
 8. The completed reconciliation with the corrective action taken must be documented, approved, and filed within the LDSS by month for possible future reference.



Virginia Department of Social Services
Finance and Administration Guidelines Manual
For LDSS (Local Departments of Social Services)

Feb 2002

STATEWIDE FRAUD CONTROL PROGRAM

As per [§63.1-58.2](#) of the Code of Virginia, the Department of Social Services shall establish a statewide fraud control program to ensure that fraud prevention and investigation are aggressively pursued throughout the Commonwealth. The State Board of Social Services shall promulgate regulations to implement the provisions of this act.

In the state treasury there is a special non-reverting fund to be known as the Fraud Recovery Special Fund, hereafter referred to as “the Fund”. The Fund shall be established on the books of the Comptroller. All overpayment moneys collected or recovered by local departments related to food stamp, TANF and other federal benefit programs administered by the department, net of any refunds due the federal government, shall be paid into the state treasury and credited to the Fund. Any moneys remaining in the Fund at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. Moneys in the Fund shall be used solely for the purpose of funding state and local fraud control programs.

Funding for local and state fraud control activities shall be comprised of (i) general funds appropriated for this activity, (ii) any federal funds available for this purpose, and (iii) balances in the Fund.

Local departments shall apply to the Commissioner for reimbursement from the Fund for the local share of direct costs. The Commissioner shall authorize reimbursements to the local departments from the Fund as provided in the general appropriation act. To receive or continue receiving reimbursements from the Fund, the local departments shall administer their fraud and investigation units in compliance with regulations promulgated by the State Board. The number of local fraud workers for which the state will provide reimbursement in each locality shall be determined by regulations promulgated by the State Board of Social Services.



Virginia Department of Social Services
Finance and Administration Guidelines Manual
For LDSS (Local Departments of Social Services)

Feb 2002

REIMBURSEMENT FOR FRAUD WORKERS ADMINISTRATIVE
EXPENDITURES

Each fiscal year the local directors are required to submit their Fraud FREE Locality Plan to the Fraud Program Manager in the Central Office. The Budget Office enters the budget allocations for the upcoming fiscal year on LASER after the Fraud Program Manager approves the plans. The allocation formula is 100% for salary and fringe benefits for approved fraud positions, plus 15% of the combined salary and fringe benefits cost for supporting Fraud operational costs.

Local agencies have the option of using either budget line 891 funded at 50% federal and 50% state, or budget line 892 funded at 50% federal, 30% state and 20% local with the state currently covering the 20% local match. The funding for budget line 891 comes from the Fraud Recovery Special Fund. The funding for budget line 892 comes from the eligibility administration allocation.

Each month the fraud workers administrative expenditures are entered into the funded LASER cost center either 89101 or 89202, whichever is funded according to the Fraud FREE Plan for each specific locality.



Virginia Department of Social Services
Finance and Administration Guidelines Manual
For LDSS (Local Departments of Social Services)

Feb 2002

IDENTIFICATION AND REPORTING OF TANF/AFDC OVERPAYMENTS

Overpayment Overview

When the appropriate LDSS employee identifies an overpayment to a client, they should document the case record and retain the information in the applicable LDSS file. The documentation should include whether the overpayment is a **chargeback** or **non-chargeback**. The local agency is initially charged the lump sum amount for chargeback types of overpayments. The local agency is not initially charged the lump sum amount for non-chargeback types of overpayments but must pursue collection and return the funds to VDSS.

Key points:

- All cash, checks, tax intercepts, etc. brought into the local agency to refund an overpayment to the client is classified as a cash refund.
- Enter all cash refunds for all cost codes on LASER using account number 64205.
- Enter all cash refunds for TANF and TANF-UP on ADAPT.
- Code all reimbursable cash refunds on LASER as Fraud FREE.
- Code all non-reimbursable cash refunds on LASER as Cash Refunds.

Overpayment Procedures for LASER

• **Chargebacks**

Chargeback Lump Sum Entries:

- Enter the lump sum of the overpayment as a credit journal entry, reimbursable fund type 1111, account number 64010 for the applicable cost code.
- Enter the lump sum of the overpayment as a debit journal entry, fund type non-reimbursable 0099, account number 64010 for the applicable cost code.
- The cost code for TANF is 80801 and the cost code for TANF-UP is 84801.

Chargeback Repayments:

Recoupments:

- Enter each monthly recoupment amount as a debit journal entry, reimbursable fund type 1111, account number 64010 for the applicable cost code.
- Enter each monthly recoupment amount as a credit journal entry, non-reimbursable fund type 0099, account number 64010 for the applicable cost code.

Cash, checks, etc.:

- Enter the collection amount for the case as a credit journal entry, non-reimbursable fund type 0099, account number 64205 for the applicable cost code.
- No journal entry is required to the reimbursable fund type.



Virginia Department of Social Services
Finance and Administration Guidelines Manual
For LDSS (Local Departments of Social Services)

Feb 2002

IDENTIFICATION AND REPORTING OF TANF/AFDC
OVERPAYMENTS (continued page 2)

- **Non-Chargebacks**

Non-Chargeback Repayments:

Recoupments:

- No journal entries are required since the LDSS was not initially charged for the overpayment.

Non-Chargeback Repayments (continued):

Cash, checks, etc.:

- Enter the collection amount for the case as a credit journal entry, reimbursable fund type 1111, account number 64205 for the applicable cost code.
- No journal entry is required to the non-reimbursable fund type.

Excess Recovered

If a LDSS identifies that they have recovered more from the client than owed they should follow the below procedures:

- Issue a local check to the client for the amount that was overcollected.
- If the excess amount has already been entered in LASER prepare a correcting debit entry to account number 64205, reimbursable fund type 1111 for non-chargebacks or non-reimbursable fund type for chargebacks.
- If the excess amount has not already been entered in LASER enter a debit journal entry to account number 64205, non-reimbursable fund type 0099.



Virginia Department of Social Services
Finance and Administration Guidelines Manual
For LDSS (Local Departments of Social Services)

Feb 2002

REPORTING TANF OVERPAYMENT COLLECTIONS IN ADAPT

When a local agency receives a TANF cash payment, ADAPT must be updated with the appropriate data. If there has never been a case in ADAPT, you should establish a case by following the steps listed in the May 18, 2000 broadcast titled "Converting food stamp and TANF claims when there is no case or program in ADAPT". To enter the payment in ADAPT perform the following functions. For reconciliation and fraud FREE reporting purposes, it is important that all TANF cash collections be reported in LASER, and ADAPT during the same reporting month. To enter the payment in ADAPT, perform the following functions:

1. On the ADAPT main menu enter option 9 TANF benefit adjustment.
2. Select option 13 and enter the pertinent information.
3. Print the PA warrant register to verify that the data is on ADAPT each day that you enter collections.
 - a. Go to your TUMS menu.
 - b. Select Public Assistance Daily Warrant Register & Reports
 - c. Enter option 4 PA Daily Mapper Reports
 - d. Select refund listing.

REPORTING FOOD STAMP OVERPAYMENT COLLECTIONS

The receipt of food stamp overpayment collections are recorded in the Food Stamp Claims Tracking System, and ADAPT. This type of cash collection is not reported in LASER, because the locality repays the Commonwealth by submitting a check for each month's collection to the Division of Finance. To enter the collections perform the following functions:

1. Access the main menu in the Food Stamp Claims Tracking System.
2. Select the option enter a claim payment.
3. Enter the applicable information on the claim request screen.
4. Enter the information on the claim payment screen.
5. Access the main menu in ADAPT.
6. Select option 7 benefit adjustment.
7. On the benefit adjustment menu select option 3 claim recovery management.
8. On the claim recovery management screen select option 1 enter claim payment.
9. Enter the applicable information on the enter claim payment screen.
10. At the end of each month print and balance the monthly food stamp report in the Food Stamp Claims Tracking System. To print the report go to the main menu, select print monthly payment record and follow the instructions.
11. Submit a check and the applicable documentation to the Division of Finance by the 15th of each month. Make the check payable to the Treasurer of Virginia.



Virginia Department of Social Services
Finance and Administration Guidelines Manual
For LDSS (Local Departments of Social Services)

Feb 2002

TANF CHECKS REPORTED LOST OR STOLEN BY PAYEE

- A. Review the case payment history to verify a check was processed.
- B. Inquire as to whether the payee has moved, and if so ask them to check their former address for the delivery of the check. Immediately update ADAPT case information with the new address information.
- C. If the payee has not recently moved ask them to allow a reasonable time for the check delivery.
- D. Inform the payee that he or she must sign two (2) official State affidavits. These documents must be original, notarized and stamped with the notary seal. Send both of the original notarized affidavits to the Division of Finance at VDSS by overnight pouch.
- E. Request a stop payment after the fourth mail delivery date. Update ADAPT with the appropriate code. This begins the stop payment process.
- F. Upon receipt of the two correctly completed original affidavits and the stop payment transaction on ADAPT the Division of Finance will update the case payment history and initiate the stop payment.
- G. When the case payment history has been updated by the Division of Finance with the appropriate code, the local agency can process a locally issued check.
- H. Enter the appropriate codes in ADAPT for the locally issued check. This data will show on your F10.2 report.
- I. The local agency will be reimbursed for the locally issued check by preparing a journal entry in LASER for the amount shown on line 10, column H of the F10.2 report in the locality amount column. The journal entry is a debit for the amount to cost code 80801 (TANF), or 84801 (TANF-UP), fund 1111 and account number 64010.

TANF CHECK CANCELLATIONS FOR UNDELIVERABLE CHECKS

- A. Go to the ADAPT main menu, select option 8 TANF check handling.
- B. Select option 2, check status update. Complete the access code and case number.
- C. When CHPAH1 displays enter "Y" beside the check to be cancelled.
- D. At CHSTAT complete status update reason code, worker code and authorized by.



Virginia Department of Social Services
Finance and Administration Guidelines Manual
For LDSS (Local Departments of Social Services)

Feb 2002

REPORTING STOP PAYMENT ON A TANF CHECK

- A. Go to the ADAPT main menu and select option 8 TANF check handling.
- B. Select option 2 check status update. Enter "U" for the access code and enter the ADAPT case number.
- C. On screen CHPAH1 enter a "Y" in the field beside the TANF check for which the stop payment is appropriate and transmit.
- D. Complete the CHSTAT screen by using the appropriate status update reason and enter the worker number. This function requires a supervisor's authorization.
- E. To replace the TANF check for which the stop payment was completed, refer to the following step 4 titled authorizing a local TANF check.

AUTHORIZE A LDSS ISSUED TANF CHECK

- A. On ADAPT go to the AEAUTA screen. Enter "Y" to answer the question, locally issued check. If check(s) have been identified on AEAUTA as "locally issued checks", user must sign onto the CHMENU screen to authorize and record the local check(s) before a check can be granted for the following month(s).
- B. Tab to the Next Screen Field and enter CHMENU.
- C. Select option 3 from the CHMENU authorize locally issued check. Enter the access code and the ADPAPT case number.
- D. When the CHPAH1 screen displays, place a "Y" beside check to be authorized. Authorize CHLOCL screen and transmit.
- E. Access the CHMENU again and choose option 4 record locally issued check.
- F. On CHLOCL screen complete the field for local check number, date and auth and transmit.
- G. Remember to go back to the AEAUTA screen to grant the future months benefits.

TANF CHECK DELETION

- A. The check must have a status code of "not processed" to be deleted.
- B. On the ADAPT main menu access option 8, TANF check handling.
- C. At the CHMENU screen select option 5, enter a "U" for access and enter the case number.
- D. At the CHPAH1 screen enter a "Y" beside check to be deleted.
- E. At the CHDELT screen enter a "Y" to delete payment.
- F. Print the screen for documentation.



Virginia Department of Social Services
Finance and Administration Guidelines Manual
For LDSS (Local Departments of Social Services)

Feb 2002

FEES FOR COURT ORDERED SERVICES

Fees for non-agency placement adoption services is established under the authority of [§63.1-219.55](#) of the Code of Virginia. Fees for custody investigations, mediation services and supervised visitation is established under the authority of [§16.1-274](#) of the Code of Virginia. These fees shall be paid and a receipt provided to the court prior to any final order, and the Commissioner shall not release any identifying information until proof of payment of such fees has been provided.

Fees are based on actual costs of services, including direct, and indirect costs taking into consideration family income and size.

**FEES FOR NON-AGENCY PLACEMENT ADOPTION SERVICES AND
HOME STUDIES IN SURROGACY CASES**

Direct Costs of Services

In determining the direct costs, the local department can choose one of the three options listed below. The local agency should document the time that a worker spends providing the service.

- a. If the actual salary and fringe benefits of the worker performing the services is used, and a Supervisor performs the service, the fee is based on the amount of the salary and fringe benefits of the worker that would have normally performed the service.
- b. If the averaging option is used, the averaging should be based on the budget figures for the previous fiscal year. This method is to average the actual salaries and fringe benefits of all workers performing the services.
- c. If the minimum salary and fringe benefits option is used, the first step of the compensation schedule for a social worker for the local agency is used.

Indirect Costs of Services

Annually, the Division of Finance calculates each local agency's indirect cost factor to cover expenses other than the worker's salary and fringe benefits. This cost factor is sent to each local agency after the year-end closing, and should be included in computing the court ordered fees for the fiscal year.

Fee Adjustment Based on Family Income and Size

Determine the family size and income, include all persons for whom the petitioner/applicant and spouse are responsible. Based on the median income scale published annually by the Generic Policy Unit, determine the petitioner/applicant percent of median income. If this amount falls between two percentages, use the lower percentage.



Virginia Department of Social Services
Finance and Administration Guidelines Manual
For LDSS (Local Departments of Social Services)

Feb 2002

FEES FOR NON-AGENCY PLACEMENT ADOPTION SERVICES AND
HOME STUDIES IN SURROGACY CASES (continued)

Families with 50% or less of median income are not charged a fee.
Families with 60% of median income are charged 10% of the actual costs.
Families with 70% of median income are charged 25% of the actual costs.
Families with 80% of median income are charged 50% of the actual costs.
Families with 90% of median income are charged 75% of the actual costs.
Families with 100% of median income are charged 100% of the actual costs.

Fee Computation Example

16 hours	(time to provide services)
\$20	(worker's hourly salary and fringe benefits)
.25	(indirect cost ratio per the Division of Finance)
50%	(petitioner/applicant income is 82% of median income)

$\$20 + \$5 (\$20 \times .25) = \25 (worker's direct costs + indirect costs)

$16 \times \$25 = \400 (16 hours times the sum of direct and indirect costs)

$\$400 \times .50 = \200 (fee after the adjustment for family size and income)

If the court orders that the fee be split between the petitioner and the respondent the full cost is calculated to be \$400. Each individual would be responsible for \$200 less any adjustment due to family size and income.

Reporting of Fees for Court Ordered Services

In LASER enter the fee collection amount as a credit journal entry, fund type 1111 (reimbursable), account number 55840 and cost code 00001. As funds are received, a report of collections should be prepared and forwarded along with the funds to the Treasurer that is responsible for making the deposit.



Virginia Department of Social Services
Finance and Administration Guidelines Manual
For LDSS (Local Departments of Social Services)

Feb 2002

FEES FOR CUSTODY INVESTIGATIONS, MEDIATION SERVICES
AND SUPERVISED VISITATION

- The court shall assess a fee in accordance with fee schedules established by the appropriate local board of social services.
- The fee schedules shall include:
 - a. Standards for determining the ability of the parties to pay; and
 - b. A scale of fees based on the parties income and family size.
- The fee charged shall not exceed the actual cost of services.
- The method and medium for payment shall be determined by the local board of social services.
- When a local department of social services is requested by another local department or court services unit in the Commonwealth or by a similar department or entity in another state to conduct an investigation involving a child's custody, visitation or support; or to provide mediation services or supervised visitation, the department may require fees prior to conducting the services.
- In LASER enter the fee collection amount as a credit journal entry, fund type reimbursable (1111), account number 55840 and cost code 00001. As funds are received, a report of collections should be prepared and forwarded, along with the funds, to the Treasurer that is responsible for making the deposit.



Virginia Department of Social Services
Finance and Administration Guidelines Manual
For LDSS (Local Departments of Social Services)

Feb 2002

SPECIAL WELFARE

TABLE OF CONTENTS

Contacts	2/1/02
Reference Links	2/1/02
Special Welfare Fund Defined	2/1/02
Special Welfare Accounting Procedures	2/1/02
Special Requirements And Restrictions	2/1/02
Resource Limitations And Program Restrictions	2/1/02
Supplement Security Income (SSI) Dedicated Accounts	2/1/02

SPECIAL WELFARE CONTACTS

The following is a list of contacts for this guideline.

Regional Administrative Managers

<i>Region</i>	<i>Name</i>	<i>Work Phone</i>	<i>Email Name</i>
Central	Richard Pyle	(804) 662-9786	rup992@central.dss.state.va.us
Eastern	Thomas Little	(757) 491-3992	tl1993@eastern.dss.state.va.us
Northern	Carole Ortmyer	(540) 351-1569	cco995@northern.dss.state.va.us
Piedmont	Connie Carter	(540) 857-6533	cwc996@piedmont.dss.state.va.us
Western	Lewis Lafon	(276) 676-5656	ll1904@western.dss.state.va.us



Virginia Department of Social Services
Finance and Administration Guidelines Manual
For LDSS (Local Departments of Social Services)

Feb 2002

SPECIAL WELFARE (continued page 2)

REFERENCE LINKS

1. Auditor of Public Accounts, Audit Specifications for Counties, City, and Towns
[Auditor of Public Accounts](#)
2. ADC-FC (Aid to Dependent Children-Foster Care) Manual, 202.7
3. Medicaid Manual, Volume XIII, S1130.600
4. Volume VII, Section III, Chapter B, Page 109, Section 12.3.5
5. Code of Virginia, Section 63.1-51
<http://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+63.1-51>
6. Code of Virginia, Section 63.1-57
<http://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+63.1-57>
7. Code of Virginia, Section 55-210.9
<http://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+55-210.9>
8. Public Law 104-134:EFT Provision
<http://www.fms.treas.gov/eft/newlaw.html>
9. Social Security Administration On-line Handbook
[SSA Handbook: Contents](#)



Virginia Department of Social Services
Finance and Administration Guidelines Manual
For LDSS (Local Departments of Social Services)

Feb 2002

SPECIAL WELFARE (continued page 3)

SPECIAL WELFARE FUND DEFINED

The Special Welfare Fund is established under authority of [Section 63.1-51](#) of the Code of Virginia and consists of funds taken into the agency that are not allocated through the budget. These funds include donations from individuals, organizations, or churches. Social Security or Veteran's Administration benefits are collected for specific individuals for whom the agency is acting as the custodian. These are funds deposited with the county/city treasurer and the agency must have a system to keep the funds separate from its budgeted funds. The Special Welfare Fund is a special fund account and does not revert to the general fund at the end of the fiscal year. It is the agency's Board or the designee's responsibility to allocate the uncommitted money within the account and to ensure that it is properly administered.

SPECIAL WELFARE ACCOUNTING PROCEDURES

It is important that proper accounting procedures be used by each agency and that these procedures be standardized for all the local agencies to minimize errors, speed reviewing time, error detection, and provide an adequate audit trail. A person unfamiliar with the welfare system should be able to look at the records and determine where the money came from, for what purpose it was intended and how it was actually spent.

1. The local Treasurer must establish and hold the Special Welfare Fund account. This account cannot be commingled with any other funds or accounts of the locality ([Code of Virginia 63.1-51](#)).
2. The local Treasurer may choose to establish one interest bearing account and the interest must be prorated and credited to the individual beneficiaries on the basis of their share of funds in the account. The local Treasurer may choose to establish and maintain separate interest bearing accounts for any individual with accumulated funds in excess of \$500 ([SSA Handbook §1619.2](#)).

"The bank account must be titled so that it is clear that the money belongs to the beneficiary. A checking account may be best because you will have cancelled checks and/or statements that show how the funds were spent. However, some beneficiaries cannot maintain high enough balances to avoid service charges. Cashier's checks and money orders also have charges associated with them. Make every effort to set up an account that earns interest, minimizes fees, and enables you to keep clear records. If you are serving as a representative payee for a large number of beneficiaries, you may want to set up a collective account, but this will require an accounting system" ([SSA Handbook §1619](#)).

It may also be necessary for the local Treasurer to establish a separate Dedicated Funds account for SSI (Social Security Income) lump sum payments (Refer to the SSI following Dedicated Accounts Section).



Virginia Department of Social Services
Finance and Administration Guidelines Manual
For LDSS (Local Departments of Social Services)

Feb 2002

SPECIAL WELFARE (continued page 4)

SPECIAL WELFARE ACCOUNTING PROCEDURES (continued)

3. All funds received in the Special Welfare Fund must be recorded on an official receipt and "Special Welfare Fund" must be written on the "For the Account" line. Additional identifying information should be added, such as: social security number, case name and number, source of funds, donor account fund, Christmas fund, or other brief remarks. For lump sum SSI payments, indicate Special Welfare or Dedicated Account. This information is necessary for posting the receipt of funds to the Special Welfare Fund control ledgers and the proper subsidiary accounts. In the case of electronic deposits, the account statement may be used to record the required information on the ledger.
4. A ledger of accounts must be maintained and if the funds received have any restrictions, these should be noted on the ledger sheet. Any SSI dedicated funds will require a separate ledger. This information is to be included on the ledger sheet – name of account, case number and social security number, if any, date of receipt, receipt number, source of funds, and purpose for which the funds are to be spent.
5. As funds are received, a report of collections should be prepared and forwarded, along with the funds, to the Treasurer who is responsible for making the deposit. Cash should not be permitted to accumulate in the social services office; therefore, the report of collections should be filed with and completed by the Treasurer within the week funds are received. At least once a month, a total of the balances of the ledger accounts must be checked against the Treasurer's balance to make sure they are in agreement.
6. Statutory provisions of [Section 63.1-51](#) place the responsibility for disbursements on the Local agency's Board. This responsibility can be delegated to the Director or other individuals provided that oversight is maintained through periodic disbursement reporting to the board. The number of designated individuals should be kept to a minimum commensurate with good accounting and control practices. Signatures of persons designated to authorize disbursements from the Special Welfare Fund should be on file with the Treasurer. Any disbursements should be properly posted to the individual ledger accounts.
7. **Funds received for an individual or those with restrictions cannot be used for any other purpose. If an individual or organization donates funds for a specific purpose, request permission in writing from donor to roll any excess funds into a general donation ledger within Special Welfare; otherwise, return any excess funds to the donor.**

Virginia Department of Social Services
Finance and Administration Guidelines Manual
For LDSS (Local Departments of Social Services)

Feb 2002

SPECIAL WELFARE (continued page 5)

SPECIAL WELFARE ACCOUNTING PROCEDURES (continued)

8. Funds received for an individual recipient from the Social Security Administration, Veterans Administration, or other sources for maintenance are to be credited in this fund in the name of the individual. Also, a monthly check is to be drawn on the account of the individual to refund program funds expended for the individual during the period the benefit check covers. Prior period expenditures may be deducted from current month receipts (with the exception of dedicated funds) after current expenses are met ([SSA Handbook §1618](#)).
9. Funds from an initial benefit check deposited in the Special Welfare Account may be used to refund program expenditures made retroactive to the month of the individual's eligibility for the benefit with the exception of SSI back payments that equal or exceed six times the regular monthly payment. A representative payee is not required to use benefits to pay bills incurred by a beneficiary before the first month that benefits are paid to the representative payee. However, a representative payee may do so after current expenses are met. If the debt is owed to the representative payee, approval must be obtained from the local Social Security Office ([SSA Handbook §1618](#)).
10. Program expenditure refunds are to be reported on applicable financial reports as credits against expenditures, the same as all other refunds to programs.
11. Funds available in the individual Special Welfare Fund may be used to pay for "special needs" over and above those included in other funding. Social Security defines maintenance to include shelter, food, clothing, and education. Personal needs are defined as spending allowance, hygiene items, reading materials, etc. "Special needs" are needs beyond those included as maintenance or personal care, or covered as a service under other programs such as the Comprehensive Services Act (CSA).
12. Refunds to expenditures are made in the following order:
 - a. Maintenance (room and board, clothing, personal care, and allowance)
 - b. Medical expenses (not covered by Title XIX and Title XXI)
 - c. Purchased Services
13. When a child in Foster Care leaves custody of the local department, all saved SSA/SSI benefits, including any earned interest, must be returned to Social Security Administration ([SSA Handbook §1621](#)). The local agency must seek written approval from the local Social Security office to disburse these funds to a new payee rather than returning it to Social Security Administration.



Virginia Department of Social Services
Finance and Administration Guidelines Manual
For LDSS (Local Departments of Social Services)

Feb 2002

SPECIAL WELFARE (continued page 6)

SPECIAL WELFARE ACCOUNTING PROCEDURES (continued)

14. If a child in Foster Care has remaining funds other than saved SSA/SSI benefits (insurance settlements, etc.) upon leaving custody of the local department, they must be paid to him/her, or parent/guardian, in accordance with [Section 63.1-57](#) of the Code of Virginia.
15. In the event an individual cannot be located, after diligent attempts to locate have been made, the unclaimed balance to the individual's credit shall be transferred to the State Treasurer in accordance with the Unclaimed Property Act, Code of Virginia, [Chapter 11.1, Section 55-210.9](#), et al.
16. All of the above procedures are applicable to benefits received on behalf of children in Foster Care, as well as Special Welfare funds maintained for other persons or programs.

SPECIAL REQUIREMENTS AND RESTRICTIONS

1. The Special Welfare Fund should not be used to provide travel advances unless the Board of Supervisors/City Council provides unrestricted funds or appropriations to the fund for this purpose. In the event travel advances are made from funds available for that purpose, repayment must be made immediately upon reimbursement of expenses.
2. Federal payments such as SSA, SSI, or VA benefits are required, under the provisions of the [Public Law 104-134: EFT Provision](#) known as the Debt Collection Improvement Act of 1996; to be deposited by electronic funds transfer (EFT). In the case of electronic deposits, the account statement may be used to record the required information on the ledger.

RESOURCE LIMITATIONS AND PROGRAM RESTRICTIONS

1. Individuals may have up to \$2,000 in total countable resources and remain eligible for Medicaid. If these conserved funds exceed \$2,000, they must be spent within six months of original receipt, or they will be considered a resource to the recipient. Exception: SSI benefits received after the account has accumulated \$2,000 are considered overpayments. Should this occur, the agency is required to immediately return to Social Security Administration all payments received after the point of \$2,000 accumulation.
2. Title IV-E eligible individuals are also Medicaid eligible regardless of their liquid resource levels, as long as the individual is eligible for a cash assistance payment. If an IV-E Foster Care child is not eligible for a money payment grant, applicable Medicaid resource limits apply ([Medicaid Manual, Volume XIII, S1130.600](#)).
3. Individuals may have up to \$10,000 in combined resources and remain eligible for Title IV-E ([ADC-FC Manual 202.7](#)).



Virginia Department of Social Services
Finance and Administration Guidelines Manual
For LDSS (Local Departments of Social Services)

May 16, 2002

SPECIAL WELFARE (continued page 7)

RESOURCE LIMITATIONS AND PROGRAM RESTRICTIONS (continued)

1. If a Local agency cannot maintain a child's Special Welfare Account below the \$2,000 /\$10,000 resource levels, it can establish an irrevocable trust account that will allow resources to accumulate over these resource levels, while not making the child ineligible for most benefits. However, in order to be exempt as a countable resource for the purposes of Medicaid eligibility, trusts must meet specific requirements of the Medicaid program. Local agencies should consult with an attorney and the Regional Office Program Consultant to ensure these irrevocable trust accounts are set up properly ([Volume VII, Section III, Chapter B, page 109, Section 12.3.5](#)).

SUPPLEMENT SECURITY INCOME (SSI) DEDICATED ACCOUNTS

1. The Social Security Administration makes two types of SSI payments for children, regular monthly payments and back payments. Back payments for dedicated accounts are payments that exceed six months of the regular monthly benefit ([SSA Handbook - back payments](#)). Federal law requires separate bank accounts for these two types of payments. The local social services department may deposit the regular monthly payments into its Special Welfare Fund, but must deposit back payments into a separate, dedicated account. The dedicated account may be a savings account, interest-bearing checking account, or a money market account. Federal law does not permit certificates of deposit, mutual funds, stocks and bonds for these funds. In addition, the dedicated account must have a title clearly indicating that the child(ren) is the fund owner and only the payee can authorize access of the funds for the child.
2. The funds deposited into the dedicated account and any accrued interest or other earnings on the account are excluded from income and resources. There are no time limits on disbursing funds from the dedicated account.
3. There are restrictions on the items and services that the payee is permitted to purchase with funds in the dedicated account. These funds may be used for medical treatment and education or job skills training. The following expenses are also allowed if they benefit the recipient and are related to his/her disability and/or blindness: personal needs assistance, special equipment, housing modification, therapy, rehabilitation, or other items or services approved by the local Social Security office. [SSA Handbook §1620](#)